

Final Report

Developing Market Opportunities for Value-added Meat and Poultry Products

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## **Background/introduction**

Given the increasing economic pressure on the region's meat and poultry producers and the resultant associated diminishing margins derived from the commodity market, producers have been encouraged to investigate alternative market opportunities. One area of opportunity that has been identified is that of value-added products. The demand for value-added meat and poultry products has been well-established with many reports of demand exceeding current supply. This project offers the region's producers training and technical assistance that will broaden and strengthen their presence and ability to compete in the value-added market.

## **Accomplishment of Goals:**

The overall goal of the project is to foster profitability within the Northeast's livestock and meat sectors through the development of value-added processing capacity and the exploitation of specialty markets.

***Goal A: Identify potential markets for value-added meat and poultry products; identify risks and benefits of producer participation.***

**Objective 1: Document and codify market opportunities through market analysis.**

In cooperation with the Vermont Department of Economic Development, an economic analysis of agricultural markets was conducted. The Boston-based firm of SJH and Co. provided an extensive analysis of value-added markets in Vermont for organic/grass fed-dairy and livestock for meat.

In cooperation with the Vermont Housing and Conservation Board, a marketing study was conducted identifying potential partners; interest and opportunities that exist for the development of a Vermont Branded Ground Beef product and the subsequent delivery of product to the market place.

In cooperation with the Town of Troy and others, via a Vermont Community Development Grant, a "Slaughterhouse Feasibility Study" was completed. The focus was to determine whether a producer coop, Pride of Vermont, could purchase and operate a local slaughter/processing plant. One of the primary

goals of this producer group was to secure access to dependable higher quality processing demanded of the value-added market.

**Objective 2: To provide development assistance to the infrastructure essential to several emerging brands seeking to source product from the region's producers.**

Three value-added branded beef programs: Hardwick Beef, Wolfsneck Beef dba Pineland Beef, and Northeast Family Farms, formerly dba NELA and 500 Farms, have been identified and received assistance in the form of supply development, business structure and organization, product distribution and the development of product production protocols.

Two producer marketing coops, Vermont Quality Meats and Fancy Meats of Vermont, both of which are primarily lamb, goat, pork and poultry marketers, have gained assistance through this project with supply development, cooperative structure, product distribution and access to processing.

The final brand, Azuluna Veal, has been identified as a unique product opportunity. The founders and developers of the brand have received assistance with production protocols, access to processing, supply development, producer recruitment and brand promotion.

In cooperation with USDA and others, most notably Diane Hirsch at The University of Connecticut Extension System, a two-day HACCP training has been made available to producers and processors in the region.

The annual meeting of the Vermont Meat and Poultry Processors Association (VMPPA) included the opportunity for processors to share and discuss their challenges, issues and opportunities with others in the industry. Invited guest Steve Krut, Executive Director of the American Association of Meat Processors (AAMP), was in attendance listening and offering advice and assistance in an effort to strengthen the processing sector which is critical to the production and marketing of value-added products. Additional invited guests included Jenny Nelson, Agricultural Policy Advisor-Outreach, representing Congressman Sanders' office; Randy Quenneville, Section Chief, Vermont Agency of Agriculture, Meat Inspection Service and Dr. Todd Prichard, HACCP/Food Safety Specialist with the University of Vermont (UVM) Extension.

In cooperation with the Northeast Organic Farmers Association (NOFA), a unique opportunity presented itself during the planning of the Northeast Sustainable Livestock Conference. With support from the VMPPA, an

opportunity was created for producers to meet with representatives of the VMPPA to participate in a moderated open forum intended to identify some of the issues and conflicts that impact both industry sectors.

Support was provided to NOFA for their 2005 winter conference which focused on direct marketing. The conference, “Marketing Your Livestock Products”, was a three-day event highlighted by the featured speaker, Chef Harv of W. Virginia. Harv spoke on the development and marketing of Petit Beef. This product is readily accepted by the market and allows producers to market animals at lighter weights while receiving the equivalent income per animal unit as that animal would have generated in the more conventional beef-finishing regime which required greater resource commitments. Multiple speakers were available throughout the series addressing topics including product pricing, promotion, regulation, business planning and marketing. *A brochure describing all of the activities included in this conference will be included with this report.*

***Goal B: Determine producer-identified market opportunities with the associated technical assistance requirements and identify areas of need where support has been lacking.***

**Objective: Provide livestock producers and meat processors with training and technical assistance in the development of value-added meat and poultry products and to help increase their access to value-added markets.**

To meet this objective the following strategies were implemented:

- The development and distribution of a questionnaire to producers. The utilization of response data to identify producer areas of interest and need. Summarization and prioritization of producer response to assist with program planning and implementation. Identification of potential technical assistance providers within the region.
- Development of a series of 12 unique workshops where training and technical assistance covering a range of value-added product processes was delivered in a hands-on environment. *A copy of the promotional brochure is included with this report.*
- Contracted for a follow up survey/study intended to measure the success of this project, identify weaknesses and to discover unaddressed areas of interest and opportunity. *The results of that study are included with this report.*

In cooperation with an RBEG grant project, an investigation into alternative processing facilities was initiated for the benefit of Vermont Quality Meats (VQM), a producer coop representing approximately 50 of the regions livestock and dairy producers. The coop direct-markets products to New York and Boston restaurants.

***Goal C: Introduce producers and processors to products and processes that enhance efficiency in the production process and result in products that compete well in the value-added market place.***

**Objective 1: Demonstrate to producers and processors alternative methods for breaking carcasses and fabricating cuts and introduce product processes that result in higher retail product yields, increased consumer acceptance and/or the potential for increased margins through creative merchandizing.**

Six unique workshops were organized and structured to achieve this objective. A brief summary of each workshop follows.

Pascal's Charcuterie was the host for one of these workshops. A French-trained chef, owner Pascal Nebois practices the art of Charcuterie. Charcuterie means "hog butchering" in French but has been generalized to characterize a production process that not only includes a very efficient method of breaking a carcass where the muscle is removed from a carcass and designated for a very specific purpose, but the resultant production of a range of value-added products: sausages, pates, terrines, etc. The intended utilization of each muscle is determined with consideration to the physical properties of the muscle and the highest income producing potential for that particular piece of meat.

The workshop at Bon Temps Gourmet demonstrated to producers the art of confit and the basics of curing, brining and the smoking of meat products. Owners Greg LaBarthe and Gretchen Saries are trained chefs operating a catering business focusing on preparing local products for their clients while utilizing value-added processing and marketing. Traditionally, the process of confit included the use of rendered goose or duck fat as a preserving medium for long-term storage of already cooked meat products. Confit products fit an interesting niche in today's product line as discriminating consumers attracted to convenient, more healthful choices will choose these heat and serve products over fast food options and pay more for them. LaBarthe also demonstrated to producers the potential to add value to meat products through smoking and curing. In addition to their preservation properties,

these processes add visual and sensory appeal to products that can be easily marketed to higher end consumers.

Jake Henne, owner of Green Mountain Smokehouse discussed and engaged producers on the subject of sausage making while demonstrating the process and procedures that have enabled GMS to produce and market a consistent quality product. Henne explained to attendees the importance of the relationship between product diversity and value-added marketing. Additionally, he emphasized the value of co-marketing products through symbiotic arrangements with other companies. This involves the marketing of a branded finished product as an ingredient in a sausage product. This technique allows the sausage producer to benefit from the use of a consumer recognized “branded” flavoring agent, while increasing product sales and bolstering brand promotion for the partnering firm. Examples: Brand X beer in Brand X bratwurst, VT maple syrup in VT breakfast sausages, cheeses in sausages, etc.

Smokin’ Bones Smokehouse, owned and operated by Darryl and Brenda Potter, provided participants with an overview of their smokehouse operation. Product handling, procedures and processes were explained with emphasis on quality products and the regulatory environment. Smokin Bones’ marketing plan is primarily based on the sale of smoked and cured value-added products to a very local clientele. Freshly cut meats add to the consumer’s attraction but marketing the concept of a service oriented, family owned business, marketing locally processed product has been a very successful model of added value for this small rural business.

Over the Hill Farm owned and operated by the Wing family is a relatively new operation providing slaughter and simple processing for producers. The Wings provided a tour of the slaughter facility beginning at the livestock holding pens and ending in the processing cooler. Although operations were not being conducted it was emphasized how care in the handling of livestock and the procedures employed during the harvesting process add value to the producer. Producers may not recognize this benefit as it manifests itself through efficiency in the form of reduced trim, increased dressing percentage and retail product yield. This benefit will not be clearly discernable unless the producer is tracking and keeping records of this data. A lamb carcass, a side of pork and a beef side were fabricated in the processing areas. A recommendation was made for producers to obtain or acquaint themselves with “The Meat Buyers Guide” produced by the North American Meat Processors Association. This publication is a useful resource intended to standardize the fabrication process and to help bridge the communication gap that may exist between the producer, processor and the end user.

The Royal Butcher is a slaughter/processing operation owned by Royal Larocque. Ryan Larocque manages the operation and provided a quick tour of the newly renovated facility. In the processing room, Ryan answered questions, offered advice and technical support to attendees. Ryan described the process while demonstrating the breaking of a beef chuck for maximum marketability. A discussion of beef carcass aging ensued. It was recognized that there is value-added marketing appeal to the merchandizing of aged beef, however without a proper facility, protocol and an ultra-premium market, the aging of beef may in fact result in significant product loss that cannot be fully recaptured through value-added channels. Discussion covered the pros and cons of aging and the benefits of aging utilizing cryovac technology. Ryan, formerly trained by chefs, also demonstrated his unique approach to lamb cutting and product preparation tailored toward the needs of today's price conscious chefs.

In addition to the workshop offerings, regional processors were offered scholarships to attend the AAMP annual convention held in Buffalo, New York. This special event designed for processors featured multiple workshops featuring the production of value-added products as well as a tradeshow featuring new innovations and advancements in technology. These included processing equipment, packaging materials and other associated trade items.

**Objective 2: Examine the beneficial role that vertical integration, product branding and diversification play on farms marketing value-added products.**

The Deimand Farm is a model operation utilizing vertical integration, product branding and diversification to add value to farm commodities. Diemand Farm products proudly display the farm name and are sold retail on the farm as well as wholesale marketed and distributed to 100 retail stores in urban areas within a forty-mile radius of the farm. The farm produces turkeys as a seasonal niche product for the holiday season. Although only seasonal, this product required the construction of an on farm processing facility. In order to capitalize on the construction of the facility, a broiler operation was developed to extend the usefulness of the facility over several months and increase efficiencies of labor and management.

The facility also opened up a marketing avenue for spent hens, a by-product of the farms egg laying enterprise. Marketing those processed birds directly to an ethnic population increased income exponentially relative to the income derived from the commercial salvage bird market. While the family was growing their markets for eggs and whole bird products, it became apparent that overall efficiencies could be achieved by the development of market opportunities for "raw" products not meeting the Deimand Farm standards for quality. Value was added to these products through additional processing

and the production of sausages, meat pies, soups and other products sold retail at the farm. To further increase efficiency and market share, a catering service was initiated. This service while specializing in barbequed chicken, also utilizes other farm raised and processed products.

Like Deimand Farm, Suzanne Sankow and her family at Beaver Brook Farm have developed a vertically integrated operation. Initially a sheep farm marketing lamb meat, the farm has developed a sheep dairy resulting in the production of yogurt, feta and other soft cheeses. With the establishment of on-farm milk processing, opportunities for raw milk sales and manufactured products derived from cow's milk became apparent, providing the opportunity to market an expanded line of yogurt, soft cheese and their signature product, gelato ice cream. During the development of this diverse product line and associated processing facilities, the farm recognized the need to obtain off-farm expertise in product development. The services of chef/consultant Stuart London were retained. Stuart found product opportunities within the operation that resulted in higher value usage of some previously underutilized resources and created some new retail products. London produced recipes for farm-produced pastrami, salami and sausages and the production of convenience foods like baked pastry products containing lamb and cheeses. Realizing that repeat customers are a necessity for this type of business, Beaver Brook Farm has produced a line of consumer ready line of spice mixes and condiments building on the consumer demand for convenience. To further enhance the farm's bottom line and attractiveness as a one stop shop, a woolen shop featuring wool, yarn, woolen garments and novelty items is conveniently on the premise.

***Goal D: Introduce producers to the concept of niche marketing beyond retail sales.***

**Objective 1: Provide producers with an understanding of the planning that needs to take place prior to bringing a product to market.**

To achieve this particular goal a classroom style lecture/discussion was conducted.

Brian Norder of the Vermont Food Venture Center shared with the attendees his years of experience in introducing new products to the market. Brian outlined considerations for deciding how to identify your market; deciding how to price products; selling vs. marketing; product image and branding; and how to create a sustainable business relationship. *The outline used to guide this lecture/discussion will be included in this report.*



**Objective 2: Expand the producers' interest and knowledge of processing and marketing resources available for the production of a diverse higher volume line of products.**

NPC Processing was the backdrop for this activity. Dan Desautel provided the group with a tour of his facility. Participants witnessed a range of processing equipment utilized in the cost efficient production of higher volume lots. Commercial scale bowl choppers, grinder, stuffers, linkers and packaging equipment were operational during our visit. NPC's reputation has been built on reliable, dependable service in the production of portion control products for wholesale distribution. NPC's operation is a business model reflecting the importance of knowing and controlling the costs of production through efficient processing, marketing, distribution and its role in value-added marketing.

To further demonstrate the opportunities that exist in the market for value-added meat and poultry products, participants were offered the opportunity to visit Montreal's Atwater and Jean Talon markets. Many of the products offered at these markets (pâtés, terrines, sausages and game products) are typically only seen domestically in the smaller specialty shops located in heavily populated metropolitan areas. Participants benefited by the small group size which enabled them to speak directly with the shop owners who were only too willing to present their products, share processing techniques and discuss the marketability of their product lines.

***Goal E: Identify public sources of business planning and financial expertise to provide assistance in expanding value-added processing and distribution capacity.***

To achieve this goal a contractor was obtained to research and compile the data necessary to complete a New England regional directory of business and financial services known to have experience and expertise in food processing and production agriculture. *A copy of the resources will be included in this report.*

Less formally, producers were provided with one-on-one assistance in developing relationships with technical service providers.

**Major project beneficiaries**

## **Producers**

There were 57 individuals registered for the 12 workshops conducted. Some of the workshops were duplicated to accommodate overflow registration which resulted in a total of 15 actual events. Given that individual participants could and in many cases did, register for multiple events, the overall number of registrants was 170.

The workshop series alone could be said to have directly benefited 57 individuals in the short run. Survey results indicated that 84% of attendees have or will be producing value-added products as a result of attending these workshops. Long term indirect benefit is much harder to quantify, yet it should be noted that with the success of the previously mentioned branded programs will come increased consumer demand and the need for increased supply/production. In some cases, demand for products is said to be outstripping supply indicating untapped growth potential. Given that livestock production in the region is largely small scale and is limited by various resources, it is conceivable that there will be an opportunity for many more producers to enter the value-added market directly or through one or more of the branded programs.

The survey suggested the following current benefits to producers:

- 79% of the survey respondents rate the workshop series as an excellent experience
- 67% of respondents reported that their goals for attending the workshops were met while the remaining 33% allowed that their goals were somewhat met
- 82% of respondents indicated an increased level of interest in the production of value-added products as a result of these workshops

## **Slaughter and Processing Operations**

Increased production of value-added products and the associated animal production required to sustain these marketing efforts will provide benefit to this sector in the following ways:

- increase the number of animals needing to be processed annually
- begin to smooth out the demand for seasonal processing
- lower overall per unit cost of production through increased volume and efficiency
- build and strengthen a reliable customer base

- increase profitability which in general will provide the opportunity to retain skilled employees, invest in new technology and manage the business more effectively

## **Other project Beneficiaries**

### **Marketing and Distribution**

Businesses offering marketing and distribution services are likely to benefit through one or more of the following ways:

- expanded product line, new and unique products
- potential for more consistent supply
- general efficiencies achieved through increased volume
- competitive advantages attained through the use of exclusives

### **General Agricultural Infrastructure**

Business offering goods and services to the agricultural sector will likely see benefits from one or more of the following areas:

- Increased number of producers, most of them small scale with discretionary capital
- Investment or reinvestment in capital assets

### **Consumers**

Consumer purchasing regionally produced and processed products will benefit through:

- Increased product availability
- Increased convenience and product quality (freshness)
- A connection to the farm or producer
- General well being of the local economy

## **Project Results**

The survey, independently conducted by Gretchen Saries and Greg LaBarthe of Bon Temps Gourmet, contained the following suggestions from attendees:

- More technical/hands-on courses, instead of the tours of existing facilities

- More business courses (e.g. farm/business management, culinary cost control)
- Focus on holding workshops in mid-winter and mid-summer when farmers have more time to attend
- Consider a 1 day conference that covers many workshop topics
- Work towards greater New England participation
- Offer workshops to train processors in production of value-added products
- Involve more non-farmers: chefs, students and business people

## **Conclusions and lessons learned**

The approach taken by the organizers of the project was to create a program that addressed the need for technical assistance as identified by the producers who responded to the initial producer survey. The results suggested a wide range of needs and interest. The program was designed to be of value to all of the region's producers. Our interpretation of the post-workshop survey results leads us to believe that a greater level of specification is desired among producers. To further clarify this point, we think that producers truly committed to the production of value-added products are becoming bolder in their production and processing activities; this has led to a need for more sophisticated technical assistance in a more narrow scope of concentration. This scope would be the unique nature of their product or process. I would consider requesting producer proposals in the future, with the hope that a situation that parallels internships, apprenticeships, cooperative training, or something similar to a work/study program where students are provided one-on-one or small group intensive training. The proposal would include details of specific products or processes they would like to explore. This type of request would allow a more personalized delivery of technical assistance and the potential for more meaningful hands-on training.

The survey evaluation also suggests a need for greater access to business planning resources; instruction and technical assistance surrounding cost control; and production management. The importance of these suggestions further validates survey results indicating that lack of capital (or access to capital?) and lack of technical assistance are equally challenging

impediments toward the producers' stated goal of creating a farm business that becomes their primary source of income.

Finally, from an organizer's perspective, and as mentioned in the analysis of the evaluation survey results, there is a desire to involve more non-farm (non-ag?) people (chefs, students, business people). This indicates the need to identify, catalog and disseminate information regarding human resources that are creative, innovative and experienced. These resources would range in their disciplines related to the business/production of value-added meat and poultry products.

## APPENDIX

The Slaughterhouse Feasibility Study is available at:  
<http://www.uvm.edu/~susagctr/SlaughterhouseFINALREPORT.pdf>

A file with only the Executive Summary and Recommendations can be  
accessed at:

[http://www.uvm.edu/~susagctr/SlaughterhouseSummaryRecommendations.p  
df](http://www.uvm.edu/~susagctr/SlaughterhouseSummaryRecommendations.pdf)